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Terry Goddard Settles Price-Fixing Case with State Hospital Groups

(Phoenix, Ariz. – May 23, 2007) Attorney General Terry Goddard today announced a settlement with the Arizona Hospital and Healthcare Association (AzHHA) and AzHHA Service Corporation. The settlement resolves allegations that they violated U.S. and Arizona antitrust laws by sharing competitively sensitive information with their participating member hospitals and by fixing and suppressing prices paid by participating member hospitals for temporary nursing services.

AzHHA is a trade association that represents more than 100 Arizona hospitals and health systems. Its subsidiary, AzHHA Service Corporation, operates the AzHHA Registry Program. This registry contracts with nursing agencies to provide temporary nursing services to most Arizona hospitals. Arizona hospitals participating in the AzHHA Registry Program account for approximately 80 percent of the hospital beds in the Phoenix and Tucson metropolitan areas.

According to court documents filed Tuesday in the U.S. District Court for Arizona by Goddard and the U.S. Department of Justice, AzHHA and its member hospitals used the AzHHA Registry Program to suppress the prices they paid for temporary nursing services. The Registry Program capitalized on the participating hospitals' significant market power to set "rates below the levels its member hospitals could otherwise have achieved by negotiating independently with each agency." As a result, prevailing wages for temporary nursing personnel fell below competitive levels.

The settlement requires AzHHA and AzHHA Service Corporation to halt the alleged price-fixing and information-sharing activities and requires that they institute an antitrust compliance program. AzHHA and AzHHA Service Corporation have also agreed to reimburse the Arizona Attorney General's Office for its attorneys' fees and investigative costs.

Goddard joined the Antitrust Division of the U.S. Department of Justice in this settlement.

The settlement does not constitute an admission of wrongdoing by AzHHA or AzHHA Service Corporation. The settlement, in the form of a final judgment, is subject to public comment and court approval. A copy of the final judgment is attached.

Assistant Attorney General Nancy Bonnell handled this case.

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